

**Internal Revenue Service**  
**P.O. Box 2508**  
Cincinnati, OH 45201

**Department of the Treasury**  
**Employer Identification Number:**

**Release Number: 201203027**  
**Release Date: 1/20/2012**  
**Date: October 25, 2011**

**Contact Person - ID Number:**  
**Contact Telephone Number:**

Legend:

UIL Number

B= business  
C= scholarship  
D= business  
E = business  
x = dollar amount  
y = dollar amount

4945.04-04

Dear

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated February 17, 2011.

Our records indicate that you are recognized as exempt from federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

Your letter indicates that you will operate a grant program called C.

You will provide annual scholarships to children of employees of D, excluding E, for study at a qualifying educational institution of their choice. The scholarships will range in amounts from a minimum of x dollars to a maximum of y dollars. You expect to issue at least four awards annually.

To be eligible an applicant must be a dependent child, age 24 and under, of an active full-time employee of D, who has at least three years of employment as of the application deadline date. Applicants must be a high school senior, graduate or current postsecondary undergraduate, and plan to enroll in a full-time undergraduate study at an accredited educational institution. The scholarships are not renewable but students are encouraged to reapply each year they continue to meet the eligibility requirements.

The information submitted indicates that grants funded by you, will be administered, supervised, and paid out by B. B is exempt from federal income

tax under section 501(c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization. Under the terms of an agreement, you will make annual contributions to B to fund scholarships for the benefit of eligible students who started in C.

C will be administered in part by B, an organization specializing in the administration of scholarship programs, who is independent of you as well as D. B will prepare and furnish application forms, receive all applications, determine the recipients and amounts to be awarded, notify award recipients, confirm recipients educational enrollment, pay the award, and supervise and investigate the use of the grant funds by the recipients in their educational programs.

B, utilizing selection criteria you provided, evaluates each candidate based on the following: scholastic aptitude as measured by performance on the scholastic aptitude test; scholastic performance measured by rank in class; counselor appraisal; and interests, activities and leadership contributions. In addition, financial need is taken into consideration. The selection committee is composed of educators, financial aid officers and guidance counselors chosen by B to retain impartiality.

B will manage the scholarship program according to the conditions outlined in the program description and in full compliance with IRS Revenue Procedures 76-47. D will not use C to recruit employees or to induce employees to continue their employment.

You will maintain records on all information obtained to evaluate the qualifications of potential grantees, the identification of grantees (including any relationship of any grantee to you or any of your directors or officers), the purpose and amount of each grant, and any additional information you obtain in complying with grant administration procedures.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) (as in effect on the day before the date of the enactment of the Tax Reform Act of 1986) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);

- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed, with a view to providing objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are 'scholarship or fellowship' grants within the meaning of section 117 of the Code, and are excludable from the gross income of the recipients subject to the limitations provided in section 117(b) of the Code, including to the extent that such grants are used for qualified tuition and related expenses within the meaning of section 117(b)(2) of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should

maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois G. Lerner  
Director, Exempt Organizations

Enclosure: Notice 437

A copy of redacted Letter